

KEPPEL OPP'N EXH. 84

Message

From: Tommy SAM [/O=KEPPEL GROUP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=TOMMY.SAM]
Sent: 30/10/2011 6:13:57 AM
To: ANG Ting Yang [KOM-CDD] [/O=KEPPEL GROUP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Tingyang.ang1]; TAN Leong Peng [KFE-ENGRG] [/O=KEPPEL GROUP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Leongpeng.tan1]; Jerald LEE Quan Ti [/O=KEPPEL GROUP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Jerald.Lee1]
CC: Kenneth CHONG [KOM-LEGAL] [/O=KEPPEL GROUP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Kenneth.CHONG]; Kai Choong KWOK [/O=KEPPEL GROUP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Kaichoong.kwok]; 'KARINA.STOFF@kfelsbrasil.com.br' [KARINA.STOFF@kfelsbrasil.com.br]; Yew Yuen CHOW [KOM-USA] [/O=KEPPEL GROUP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Yewyuen.chow1]; LAI Ching Chuan [KCL-CDP] [/O=KEPPEL GROUP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Chingchuan.lai1]; Jeff CHOW [KOM-LEGAL] [/O=KEPPEL GROUP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Jeff.chow]
Subject: Fw: Sete Brasil : LOI
Attachments: Cópia de Modelo Financeiro Projeto Sete. 1sonda(II).zip; Sete Brasil_English_Keppels.ppt

Received this from Sete Brasil today. Let's review and see what other info we need. Tks

Best regards,
Tommy Sam

----- Original Message -----

From: Vinicius Dias [mailto:vinicius.dias@setebr.com]
Sent: Sunday, October 30, 2011 06:55 AM
To: Tommy SAM
Subject: Sete Brasil : LOI

Dear Tom,

please find attached a short presentation about Sete Brasil and its main projects. We are also attaching a financial model where you can find our key assumptions.
Please feel free if you have any doubt. Thank you in advance,

Vinicius Dias

Gerência de Finanças e RI
Tel: +55.21.2528.0080 Cel: +55.21.8493.8138
Rua Humaitá 275, grupo 1302 CEP: 22.261-005

-----Mensagem original-----

De: Tommy SAM [mailto:tommy.sam@keppelfels.com]
Enviada em: sábado, 29 de outubro de 2011 19:47
Para: 'vinicius.dias@setebr.com'
Assunto: Re: RES: RES: RES: Sete Brasil : LOI

Dear Vinicius,

Nothing has been received yet. Tks

Best regards,
Tommy Sam

----- Original Message -----

From: Vinicius Dias [mailto:vinicius.dias@setebr.com]
Sent: Sunday, October 30, 2011 05:38 AM
To: Tommy SAM
Subject: Re: RES: RES: RES: Sete Brasil : LOI

Dear Tommy,

We have just closed the financial model and will circulate. Have you not received the .ppt presentation?

Vinícius Dias

Em 29/10/2011, às 19:08, Tommy SAM <tommy.sam@keppelfels.com> escreveu:

> Dear Vinicius,
>
> We have yet received any info since we last met.
>
> As we need the info for board approval, would appreciate receiving asap.
>
> Thanks
>
> Best regards,
> Tommy Sam
>
>
>

> -----Original Message-----
> To: Vinicius Dias
> To: Kenneth CHONG [KOM-LEGAL]
> Cc: Fabio Cunha
> Cc: Jeff CHOW [KOM-LEGAL]
> Cc: Karina. Stoff
> Cc: Maria Clara Vargas
> Cc: Miriam.Signor@scbf.com.br
> Cc: LUCIANA PINA
> Cc: Fernanda.Ribeiro@scbf.com.br
> Cc: Isabela Faria
> Cc: Nora MARSUKI
> Cc: ANG Ting Yang [KOM-CDD]
> Cc: LAI Ching Chuan [KCL-CDP]
> Subject: Re: RES: RES: RES: Sete Brasil : LOI
> Sent: Oct 25, 2011 09:19
>

> Dear Vinicius,
>
> We will be there. Thanks.
>
> Best regards,
> Tommy Sam
>

> -----Original Message-----
> From: Vinicius Dias
> To: Tommy SAM
> To: Kenneth CHONG [KOM-LEGAL]
> Cc: Fabio Cunha
> Cc: Jeff CHOW [KOM-LEGAL]
> Cc: Karina. Stoff
> Cc: Maria Clara Vargas
> Cc: Miriam.Signor@scbf.com.br
> Cc: LUCIANA PINA
> Cc: Fernanda.Ribeiro@scbf.com.br
> Cc: Isabela Faria
> Cc: Nora MARSUKI
> Cc: ANG Ting Yang [KOM-CDD]
> Cc: LAI Ching Chuan [KCL-CDP]
> Subject: RES: RES: RES: Sete Brasil : LOI
> Sent: Oct 25, 2011 08:51
>

> Dear Tommy,
> if it is possible to you we can talk at 3:30pm, just before your
> meeting. Please let me know if works, bst rgds, Vinícius
>
>
> De: Tommy SAM [mailto:tommy.sam@keppelfels.com] Enviada em:
> terça-feira, 25 de outubro de 2011 00:11 Para:
> 'vinicius.dias@setebr.com'; Kenneth CHONG [KOM-LEGAL] Cc:
> 'fabio.cunha@setebr.com'; Jeff CHOW [KOM-LEGAL];

> 'KARINA.STOFF@kfelsbrasil.com.br'; 'mclara.vargas@setebr.com';
 > 'Miriam.Signor@scbf.com.br'; 'luciana.pina@kfelsbrasil.com.br';
 > 'Fernanda.Ribeiro@scbf.com.br'; 'Isabela.faria@setebr.com'; Nora
 > MARSUKI [KOM-LEGAL]; ANG Ting Yang [KOM-CDD]; LAI Ching Chuan
 > [KCL-CDP] Assunto: Re: RES: RES: Sete Brasil : LOI
 >
 > Dear Vinicius, The info requested by Keppel is to submit the same to
 > our Board to seek approval for the investment of 20% of equity in one
 > Sete Brasil vehicle (SPC BV) that will own one unit of the drilling
 > rigs to be built by Keppel and operated by QGOG. For this purpose, we
 > requested Sete Brasil's Business plan that contains its forecast for
 > revenue, costs, assumptions, profit, type of financing, its structure
 > and terms, ROI, equity investment and etc which a company would
 > normally have to seek its own board or investors approval for any
 > investment. And to help to understand those assumptions used for the
 > Business Plan, we assume that Sete Brasil would have her financial
 > model with cashflow analysis to work out the operating costs and the
 > Daily Charter rate submitted to Petrobras in its bid. We will be in
 > Sete's office tomorrow at 4pm and perhaps we could have a chat if it
 > is convenient to you. Thanks Best regards, Tommy Sam
 > From: Vinicius Dias [mailto:vinicius.dias@setebr.com] Sent: Tuesday,
 > October 25, 2011 06:04 AM To: Kenneth CHONG [KOM-LEGAL] Cc: Fabio
 > Cunha <fabio.cunha@setebr.com>; Jeff CHOW [KOM-LEGAL]; KARINA STOFF
 > <KARINA.STOFF@kfelsbrasil.com.br>; Maria Clara Vargas
 > <mclara.vargas@setebr.com>; Miriam Signor <Miriam.Signor@scbf.com.br>;
 > LUCIANA PINA <LUCIANA.PINA@kfelsbrasil.com.br>;
 > Fernanda.Ribeiro@scbf.com.br <Fernanda.Ribeiro@scbf.com.br>; Isabela
 > Faria <Isabela.faria@setebr.com>; Tommy SAM; Nora MARSUKI [KOM-LEGAL];
 > ANG Ting Yang [KOM-CDD]; LAI Ching Chuan [KCL-CDP] Subject: RES: RES:
 > Sete Brasil : LOI Dear Kenneth,
 >
 > regarding your e-mail below, could you please clarify the following
 doubts:
 >
 > 1. The Business Plan; - Are you making reference to Sete Brasil's
 business plan or to a specific case study?
 >
 > 2. Financing for both Bridging Loan (during Construction) and Long Term
 Project Financing; Our strategy will be following the same structure which
 we already have in place. So we will raise a bridge loan facility with our
 relationship banks and the take out will be based on BNDES (Brazilian
 Development Bank) and ECAs.
 >
 > 3. The financial model for the pricing and the operating costs of the
 Operator; We do not have modeling operational costs since Sete Brasil is
 not an operator.
 >
 > Regarding numbers 4 and 5, I believe those documents have already been
 submitted to you.
 >
 > Please feel free to request any additional information. Thks, Vinicius
 > Dias
 >
 >
 >
 > De: Kenneth CHONG [KOM-LEGAL] [mailto:Kenneth.CHONG@keppelom.com]
 > Enviada em: segunda-feira, 24 de outubro de 2011 14:53 Para: Vinicius
 > Dias Cc: Fabio Cunha; Jeff CHOW [KOM-LEGAL]; KARINA STOFF; Maria Clara
 > Vargas; Miriam Signor; LUCIANA PINA; Fernanda.Ribeiro@scbf.com.br;
 > Isabela Faria; Tommy SAM; Nora MARSUKI [KOM-LEGAL]; ANG Ting Yang
 > [KOM-CDD]; LAI Ching Chuan [KCL-CDP] Assunto: RE: RES: Sete Brasil :
 > LOI
 >
 > Dear Vinicius,
 >
 > We would be grateful if you could advise how soon you will be able to
 revert with the documentation/information sought.
 >
 > Thanks and Best Regards,
 > Kenneth
 >
 > From: Isabela Faria [mailto:isabela.faria@setebr.com] Sent: 20 October
 > 2011 20:35 To: Kenneth CHONG [KOM-LEGAL] Cc: Fabio Cunha; Jeff CHOW

> [KOM-LEGAL]; KARINA STOFF; Maria Clara Vargas; Miriam Signor; LUCIANA
> PINA; Vinicius Dias; Fernanda.Ribeiro@scbf.com.br Subject: RES: RES:
> Sete Brasil : LOI
>
> Dear Kenneth:
>
> Many thanks for your email below.
>
> I am copying on this email our Finance Manager, Vinicius Dias, who can
assist you in relation to the finance questions that you may have.
>
> As per the documentation related with our Speculation Project, please
note the following:
> - Term sheet CMA: is been prepared by our lawyers (SCBF) and
will be circulated no later than tomorrow morning prior to our meeting;
> - Business Plan of the SPC: it will be prepared after we sign
the MOU and it will set forth the basis of the business of such SPC and
the main financial terms and conditions;
> - Revised draft MOU: is been prepared by our lawyers (SCBF) and
it will be circulated no later than tomorrow morning prior to our
>
> _____
>
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setebras

Sete Brasil Participações S/A *Management Presentation*

CONFIDENTIAL | November 2011

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Sete Brasil

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Sete Brasil begins operations amongst the leaders in ultra deepwater sector and the only player with a strategic alliance with Petrobras

Investment Thesis

Strategic partnership with Petrobras - leader in deepwater E&P

Long-term Charter Contracts (10, 15 and 20-yr contracts)

Company with the largest number of UDW Rig Charter Agreements in Brazil

The Pre-salt is the largest UDW market ⁽¹⁾ worldwide

Dollar-based assets and cash flow

Industry with enormous growth potential

State-of-the-Art assets with high residual value

Experienced management - former Petrobras senior executives

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(1) - Ultra Deep Water (>10,000 feet)

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Sete Brasil



The investment in Sete Brasil is a unique opportunity aligning attractive returns, strong creditworthiness of counterparties in a sector with enormous potential

Investment Summary

Opportunity

- Unique opportunity for a Pre-salt investment "play"
- Investment at "book value" and exit at "market multiples"
- Immediate ramp-up of activities – Sete Brasil is a leader in the sector by number of charter contracts
- Largest Brazilian Pension Funds and Banks, including BNDES, have analyzed and tested the Company's business model and financial structure

Upside Scenarios

- Higher levels of uptime (greater than 96% and performance bonus)
- Refinancing through the international capital markets using Project Bonds (lower WACC)
- Expand into the operating side of the business
- Petrobras' "off-balance" sheet vehicle for other type of assets related to the O&G sector (FPSOs, supply vessels, etc.)
- Sete Brasil is currently bidding for up to 21 new UDW rigs (proposals due Sep 2011)

Market

- Favorable oil price and increasing investments in E&P
- Deepwater and ultra-deep water E&P is a trend
- High demand for UDW rigs (thus, higher daily rates and asset value)
- Recent new discoveries (Campos, Santos, Espírito Santo basins)
- Sector attracted the expansion of private companies in the sector (OGX, QGEP, HRT...)
- New ANP Pre-salt auctions expected for later 2011

Petrobras

- Petrobras is one of the largest O&G companies in the world and leader in deepwater E&P
- Sete Brasil has a close strategic partnership with Petrobras
- Petrobras will, on top of chartering the drillships, be the owners' engineering, supervise the construction and will also operate at least two drillships
- Currently, Petrobras (directly or through PNBV) has ~23% stake in each SPV

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Sete Brasil



On June 6th, Petrobras invited local and international players to bid for 21 new high spec ultradeep water rigs to be built in Brazil

Bid Highlights

<div style="background-color: #444; color: white; padding: 5px; font-weight: bold; margin-bottom: 10px;">Bid Mechanism</div> <ul style="list-style-type: none"> ✱ Charter Contracts will be awarded based on the lowest daily rate ✱ Up to 21 rigs will be contracted, including Lot A and Lot B (drillship or semisub) 	<div style="background-color: #444; color: white; padding: 5px; font-weight: bold; margin-bottom: 10px;">Start of Operations</div> <ul style="list-style-type: none"> ✱ The rigs are expected to be delivered in 48 to 96 months after the contracts are awarded 	
<div style="background-color: #444; color: white; padding: 5px; font-weight: bold; margin-bottom: 10px;">Long Term Contracts</div> <ul style="list-style-type: none"> ✱ Bidder may present proposals for 10 and 15 year Charter Contracts ✱ The 10-year contracts may be extended for up to 10 years ✱ The 15 year contracts may be extended for up to 5 years 	<div style="background-color: #444; color: white; padding: 5px; font-weight: bold; margin-bottom: 10px;">Local Content</div> <ul style="list-style-type: none"> ✱ The rigs have to be build in Brazilian shipyards ✱ The minimum local content ranges from 55% to 65% depending on the start of operations date 	
<div style="background-color: #444; color: white; padding: 5px; font-weight: bold; margin-bottom: 10px;">Asset Type</div> <ul style="list-style-type: none"> ✱ There are two lots, Lot A for drillships and Lot B for semisubmersible ✱ Water depth of 3,000 meters ✱ Dynamically positioned rigs ✱ Rigs have to built in Brazilian shipyards 	<div style="background-color: #444; color: white; padding: 5px; font-weight: bold; margin-bottom: 10px;">Shipyard and Operators</div> <ul style="list-style-type: none"> ✱ Sete Brasil has to bid in partnership with shipyards and operators ✱ Shipyard selection must also take into consideration Operators preferences 	
<div style="background-color: #444; color: white; padding: 5px; font-weight: bold; margin-bottom: 10px;">Sete's Preferred Bidder Structure</div> <ul style="list-style-type: none"> ✱ Sete Brasil can bid for the full set of 21 rigs ✱ Operators are limited to 4 Charter Contracts 	<div style="background-color: #444; color: white; padding: 5px; font-weight: bold; margin-bottom: 10px;">Sete's Experience</div> <ul style="list-style-type: none"> ✱ Sete has full access to all brownfield and greenfield shipyards in Brazil ✱ Sete's financial solution proved to be successful in the last international bid by Petrobras 	



4

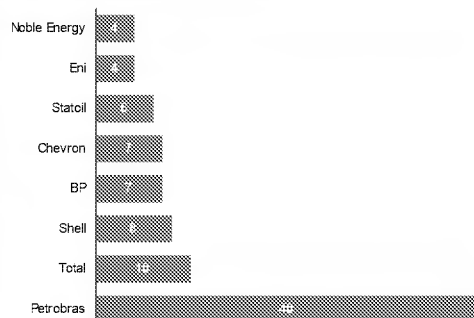


Sete Brasil

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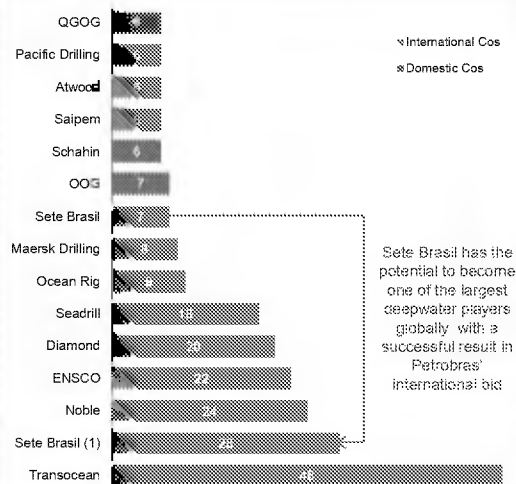
Sete Brasil has the potential to become one of the largest deepwater players globally

Deepwater Fleet By Operator



Petrobras currently charts 28% of the global deepwater fleet and in the ultra-deepwater segment Petrobras also holds a unique position with more than twice as many as the next operator

Deepwater Fleet Management (# of contracts)



Source: Baker Hughes, 2018, 2019, 2020, 2021, 2022, 2023

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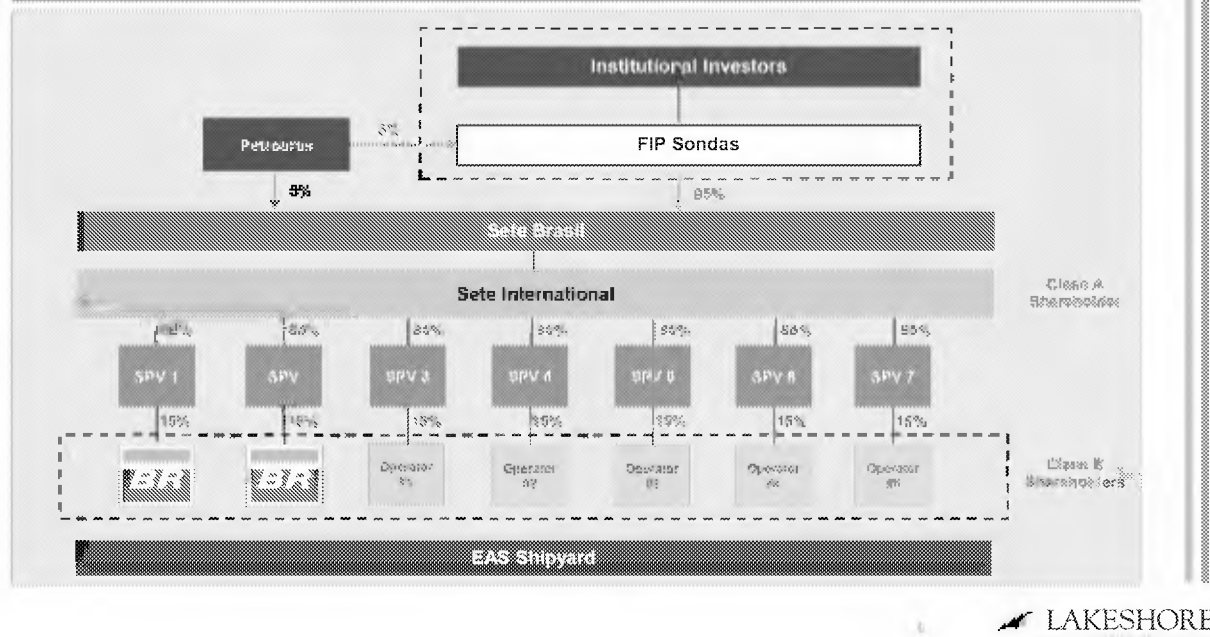
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Sete Brasil



Sete Brasil is composed of two holding companies and seven SPVs. Each SPV holds a drillship (and operating contracts). New SPVs will be constituted to develop new projects

Sete Brasil's Current Structure

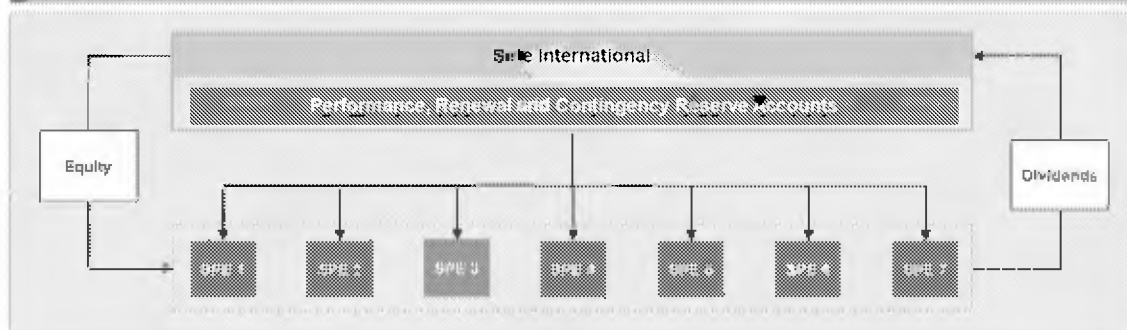


Sete Brasil



The Company will leverage on a Portfolio Financing structure. Sete International will consolidate the dividends flow from the SPVs and the reserve accounts

Portfolio Structure



The Portfolio Financing structure provides additional comfort to both lenders and shareholders through the dilution of (i) construction risks; (ii) uptime and operating risks; and (iii) charter contracts renewal risks. The proposed scheme consolidates the dividends flow from all seven SPVs in Sete International, allowing the cash flow generated from the performing assets to be used in an underperforming SPV



Sete Brasil



The term of Charter Contracts is well above industry standards and payments are based on performance (uptime)

Summary of Charter Contract

Quality Offtaker

- Charter Contracts with Petrobras, the largest operator of USW (1) and the largest producer from deepwater reserves
- Recently, Moody's upgraded Petrobras' rating from de "Baa1" to "A3"
- Controlled well known to the financing community

Performance Bonus

- Payments from Petrobras to the SPVs are performance based
- Uptime performance above 94% entitles the SPVs to receive a bonus of up to 10% (i.e. uptime of 100%, revenue is 110% of daily rate)
- Charter payments are also influenced by oil prices or the success of the well drilling program

Long Term Contracts

- Typical charter contracts in the sector are short-term (3-5 years)
- The Company has signed two 20-yr contracts and five 10-yr contracts
- Sete Brasil's average charter term is 13 year, thus low exposure to volatility of the sector's supply and demand (both in term of price and contract availability)

Others

- The daily rate at CoD will be adjusted according to the indexation of the EPC contract
- Thus if the indexation corresponds to 10% of the EPC contract, the daily rate will also increase by 10%

(1) <http://www.rio2016.com.br/pt-br/competidores>

(1) Source: ODS-Petrobras (Petrobras has 17 10-yr charter contracts, second place BP and total have 7 charter contracts)



Sete Brasil

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The FGCN's main objective is to provide comfort to lenders and investors on construction risk

Key Characteristics

- The FGCN has a projected net worth of R\$5bn, out of which R\$4bn are dedicated exclusively to guaranteeing the construction of rigs in Brazil
- The Brazilian Government is the only shareholder of the FGCN
- The fund's responsibilities are limited to its net worth, no additional governmental approvals are necessary for the utilization of the funds
- The FGCN offers two types of risk coverage on a first-loss basis:
 - (i) Credit Risk Insurance: mandatory for the SPVs
 - (ii) Performance Risk Insurance: optional for the shipyards
- Each SPV will sign a Collateral Agreement with FGCN, with the lenders as beneficiaries. The SPVs also acquire 1% of the FGCN quotas
- The total guarantee amount is limited to 25% of the funds net worth for each Collateral Agreement
- Example of events covered by the FGCN:
 - Bankruptcy (or financial distress) of the shipyards
 - Construction delays if the responsible party is the shipyard (FGCN can serve the debt)
 - Technical difficulties by the shipyards
 - Technical difficulties that lead to non-acceptance of the rigs by Petrobras

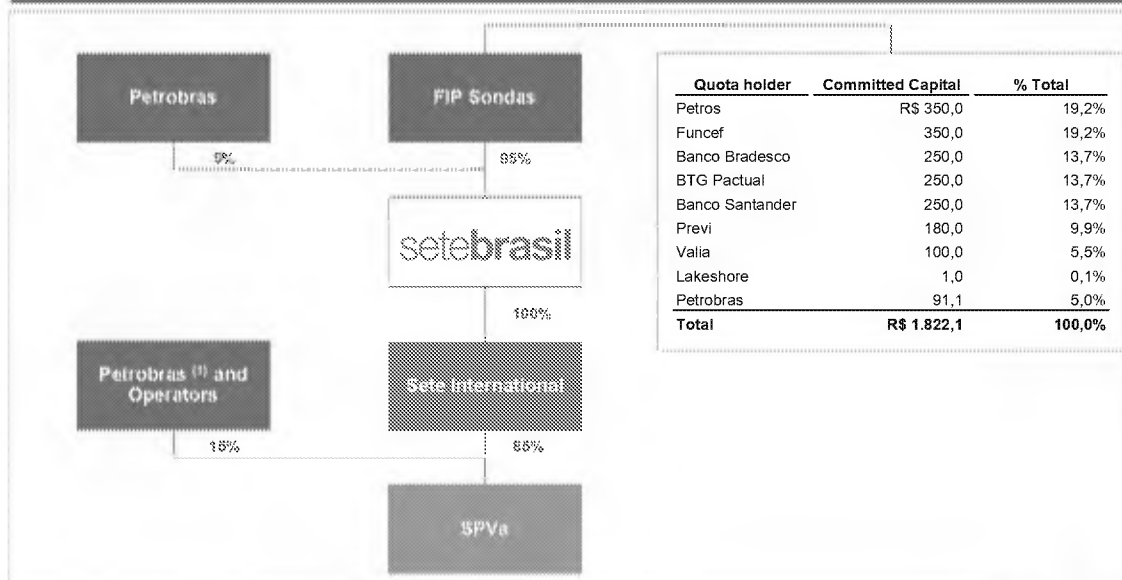
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Corporate Governance



Sete Brasil has already R\$1.82bn of Committed Capital

Sete Brasil's Current Shareholders



Quota holder	Committed Capital	% Total
Petros	R\$ 350,0	19,2%
Funcef	350,0	19,2%
Banco Bradesco	250,0	13,7%
BTG Pactual	250,0	13,7%
Banco Santander	250,0	13,7%
Previ	180,0	9,9%
Valia	100,0	5,5%
Lakeshore	1,0	0,1%
Petrobras	91,1	5,0%
Total	R\$ 1.822,1	100,0%

NP6 - exclusão de R\$5 milhões
(1) Petrobras through PREC

10



Corporate Governance



FIP Sondas currently convenes the largest Brazilian Pension Funds and three of the main Brazilian banks

FIP Sondas Current Quota Holders



- Founded in 1970, Petrolbras' employees pension fund is the 2nd largest in Brazil in terms of Assets Under Management ("AUM")
- AUM (Dec 2010) of R\$55bn (US\$55bn) and ~145,000 members



- Caixa Econômica Federal's employees pension fund
- 3rd largest Pension Fund in Brazil
- AUM (Dec 2010) of R\$44bn (US\$26bn) and ~100,000 members



- Bradesco is one of Brazil's largest private banks in total assets, and offers a wide range of banking and financial products to individuals, small/mid-sized companies and major corporations
- Total Assets (Dec'10): R\$437bn (US\$405bn)
- Net Income (2010): R\$10bn (~US\$9bn)
- Market Cap: R\$100bn (~R\$65bn)



- BTG Pactual is one of the leading investment banks, asset manager and managers in Brazil
- In 2010, investors from Asia, Middle East, Europe and America made a US\$1.6bn capital injection
- Total Assets (Dec'10): R\$7.1bn (US\$47bn)
- Net Income (2010): R\$510 million (US\$516 million)



- Santander branch in Brazil is the 4th largest bank in the country and the largest controlled by an foreign group
- Total Assets: R\$306bn (US\$282bn)
- Net Income: R\$3.8bn (US\$2.8bn)
- Market Cap: R\$55bn (~R\$35bn)

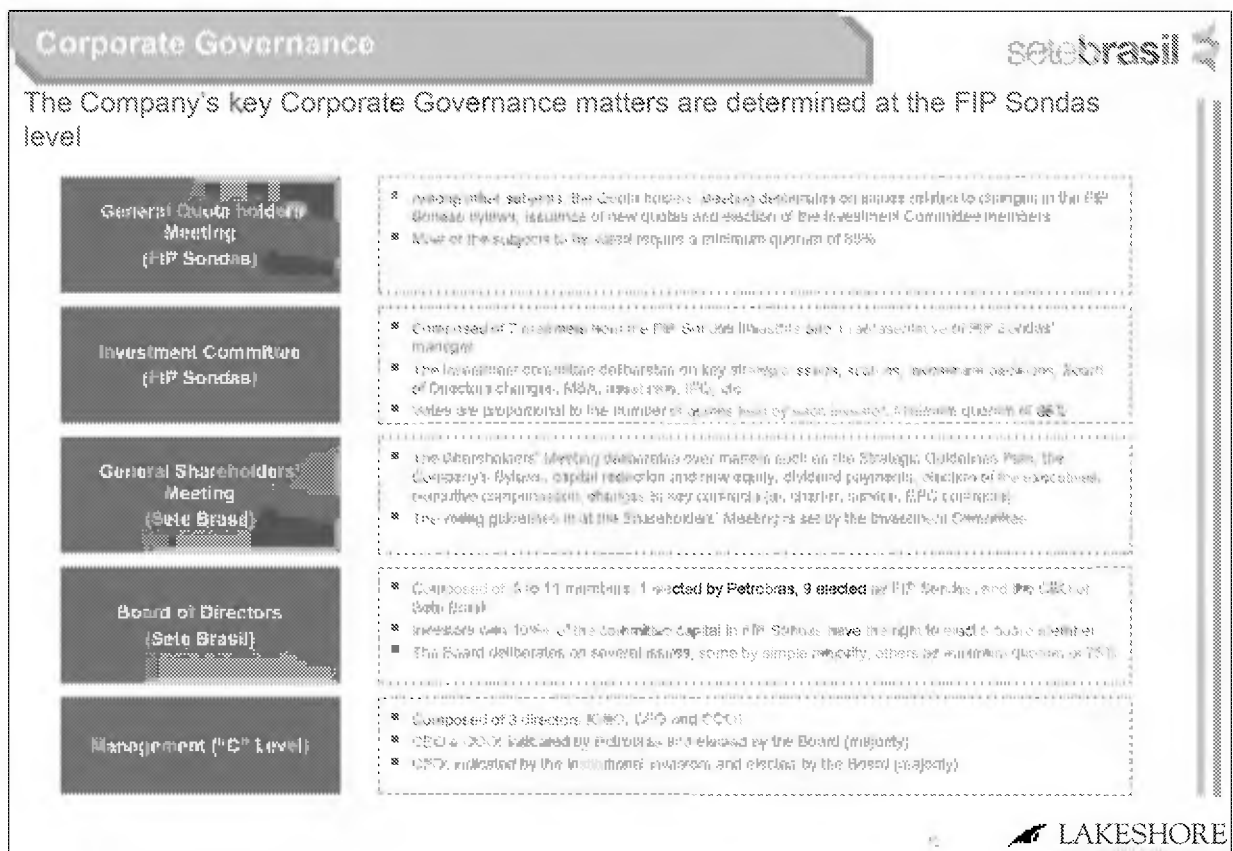


- Previ was founded in 1904 and is the largest pension fund in Latin America
- AUM of R\$152bn (US\$97bn) and ~185,000 members (Banco do Brasil's current and former employees)
- Key investor in the infrastructure sector



- Vale is the Vale's employees pension fund, founded in 1973
- AUM (Dec 2010) of R\$13.6bn (US\$9.7bn) and ~86,000 members





Corporate Governance



The FIP Sondas was the investment vehicle selected by Petrobras and Institutional investors to participate in Sete Brail

FIP Sondas Structure

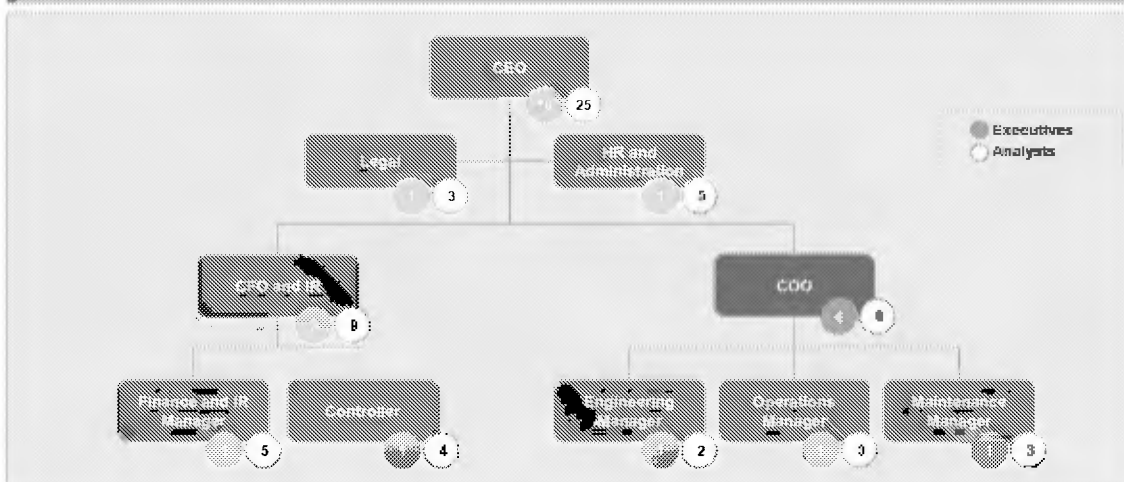
- Manager & Administrative Agent: Caixa Econômica Federal
- Custodian Agent: Banco Bradesco S.A.
- Legal Advisor: Tauil & Chequer Advogados, associated with Mayer Brown LLP
- Auditor: PriceWaterhouseCoopers
- Term: Up to 20 years after the first quota payment
- Investment Period: Up to 10 years after the first quota payment
- Divestment Period: Up to 10 years
- Management Fee: 0.20% p.a. over total net worth
- Success Fee: N.A.
- Custody Fee: 0.02%
- Other relevant matters:
 - Restrictions on the individual stake held by a certain investor of FIP Sondas
 - In case of an IPO of Sete Brasil, the FIP expires and investors become direct shareholders of the company
 - After 3 years, in case an IPO does not occur, each investor has the right to convert its FIP quotas into Sete Brasil shares, as long as the FIP Sondas still complies with the FIP legislation and regulatory restrictions)
 - Lock-up Period during the equity contribution phase (approximately first 18 months)
 - Special lock-up period of 7 years for Petrobras, matching the construction phase
 - Veto rights to Petrobras in certain matters related to transfer of control to its competitors
 - Proportional Tag along in case of change of control

Corporate Governance

sete**brasil**

Sete Brasil is composed of a professional and experienced management, including former senior Petrobras employees

Sete Brasil's Corporate Structure



As Sete Brasil ramps-up total headcount is expected to reach 38 professionals

Corporate Governance



Experienced management composed of former Petrobras' employees with more than 60 years in the O&G industry

Key Executives

João Carlos Ferraz, CEO

- Joined Petrobras in 1990 and has over 30 years of experience in the oil industry
- Mr. Ferraz has worked in several areas of the value chain such as upstream, downstream and distribution, including offshore platforms
- In 2000, joined Petrobras Finance Department and was initially responsible for Project Finance structures, where he has developed and implemented 10+ transactions, raising over US\$ 10bn
- In 2006, Mr. Ferraz was appointed as Petrobras Head of Treasury, where he was responsible for cash management strategies and financial operations of the Petrobras Holding, besides monitoring the treasury departments of Petrobras' subsidiaries on and offshore.
- In 2007, he developed a wide program aiming to centralize all financial and cash management transactions of the Petrobras Group, including cash pooling
- In 2009, Mr. Ferraz became the Head of the Financing Department of Special Projects of Petrobras, where he was responsible, among other initiatives, for the feasibility of the Pre-salt Sondas Project
- Mr. Ferraz holds a Bachelor Degree in Mechanical Engineering from UFRJ – Universidade Federal do Rio de Janeiro
- In the last years, Mr. Ferraz wrote the book "International Business Transactions with Brazil", about the advantages of Project Finance structures, specially for companies with footprint in emerging countries

Pedro Barusco, COO

- Joined Petrobras in 1979, where he developed his professional career
- Mr. Barusco worked for 15 years in the Centro de Pesquisas da Petrobras (CENPES), in the development of technologies for deep water oil production, as a naval engineering and oceanography manager of CENPES
- In 1995, he became the production facilities manager of the Exploration & Production Department of Petrobras
- In 2003, Mr. Barusco was appointed as executive manager of Engineering of Petrobras, where he was responsible for the construction of several oil production platforms, refineries, oil and gas pipelines, oil, gas and LNG terminals and the new Research Centre of Petrobras. He also led the capacity increase and fuel quality improvement program in all Petrobras refineries
- Mr. Barusco has worked in the Pre-salt Sondas Project of Petrobras since its inception
- Mr. Barusco holds a Bachelor Degree in Naval Engineering from University of São Paulo and a Masters Degree in Oceanic Engineering from COPPE - UFRJ



LAKESHORE

Summary of Key Assumptions



The table below summarizes the key financial modeling assumptions of the initial set of 7 rigs

Key Assumptions (first set of 7 drillships)

Financing Assumptions	BNDES	ECA	Commercial Banks	Subordinated Debt
<ul style="list-style-type: none"> Participation Terminals Spread Currency / Indexation Periodicity Amortization Schedule Upfront Fee 	<ul style="list-style-type: none"> 45.0% 3 + 15 years 2.75% USD/Libor Quarterly Mortgage Style N/A 	<ul style="list-style-type: none"> 20.0% 3 + 12 years 3.00% USD/Libor Quarterly Even Installments 0% 	<ul style="list-style-type: none"> 10.0% 3 + 10 years 3.00% USD/Libor Quarterly Customized 3% 	<ul style="list-style-type: none"> 9.7% 3 + 15 years 6.50% BRL/PCA Quarterly Mortgage Style 0%
Tax Assumptions	Operational Assumptions		Performance Fund	
<ul style="list-style-type: none"> Withholding Taxes (Netherlands) <ul style="list-style-type: none"> Interest: 0% Dividends: 0% Withholding Taxes (Austria) <ul style="list-style-type: none"> Interest: 0% Dividends: 15% Withholding Taxes (Brazil) <ul style="list-style-type: none"> Dividend Income: 0% 	<ul style="list-style-type: none"> # of Drillships CapeX ²⁰¹⁷ Total Investment ¹⁰ Uptime 1st year Uptime after 1st year Bonus after 1st year Total Daily Rate Service Fleet Mobilization Fee 		<ul style="list-style-type: none"> Funding in the first year <ul style="list-style-type: none"> Target: ~US\$56mm 	
			<ul style="list-style-type: none"> Charter Agreement Renewal Fund 	
			<ul style="list-style-type: none"> Funding in the 2nd, 6th and 10th year <ul style="list-style-type: none"> Target: ~US\$117mm 	
			<ul style="list-style-type: none"> Contingency Reserve Account 	
			<ul style="list-style-type: none"> Funding in the 1st year <ul style="list-style-type: none"> Target: ~US\$150mm 	

Note: 2016-17 ETC
 2017-18-19 ETC
 2018-19 ETC
 2019-20 ETC
 2020-21 ETC
 2021-22 ETC
 2022-23 ETC
 2023-24 ETC
 2024-25 ETC
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Summary of Key Assumptions

sotabril

The projected Sources & Uses assumes a 80% / 20% capital structure and a mezzanine facility from FI-FGTS

Sources & Uses (7 rfgs)

	US\$	% Total		US\$	% Total
EPC	\$4.637	86,5%	BNDES Exim	\$2.411	45,0%
EPC Indexation	405	7,5%	ECAs	1.072	20,0%
Start-up Equipment	105	2,0%	Commercial Banks	804	15,0%
FGCN Insurance	26	0,5%	Total Senior Debt	\$4.287	80,0%
CMA	58	1,1%			
Insurance Package	78	1,5%	Mezzanine Facility	305	5,7%
Financial Costs	48	0,9%	Total Sub-Debt	\$305	5,7%
			Class A	\$651	12,2%
			Petrobras (5%)	33	0,6%
			FIP Sondas (95%)	619	11,5%
			Class B	115	2,1%
TOTAL	\$5.368	100,0%	Total Equity	\$766	14,3%

Sources & Uses (21 rfgs)

	US\$	% Total		US\$	% Total
EPC	\$16.800	86,5%	BNDES Exim	\$8.659	45,0%
EPC Indexation	1.473	7,5%	ECAs	3.848	20,0%
Start-up Equipment	315	2,0%	Commercial Banks	2.886	15,0%
FGCN Insurance	76	0,5%	Total Senior Debt	\$15.393	80,0%
CMA	175	1,1%			
Insurance Package	279	1,5%	Mezzanine Facility	1.097	5,7%
Financial Costs	124	0,9%	Total Sub-Debt	\$1.097	5,7%
			Class A	\$2.339	17,0%
			Petrobras (5%)	234	1,2%
			FIP Sondas (95%)	2.105	10,9%
			Class B	413	3,0%
TOTAL	\$19.442	100,0%	Total Equity	\$5.752	15,2%

Sources & Uses (28 rfgs)

	US\$	% Total		US\$	% Total
EPC	\$21.437	87,1%	BNDES Exim	\$11.070	45,0%
EPC Indexation	1.878	7,6%	ECAs	4.920	20,0%
Start-up Equipment	420	1,7%	Commercial Banks	3.690	15,0%
FGCN Insurance	102	0,4%	Total Senior Debt	\$19.680	80,0%
CMA	234	1,0%			
Insurance Package	357	1,5%	Mezzanine Facility	1.402	5,7%
Financial Costs	172	0,7%	Total Sub-Debt	\$1.402	5,7%
			Class A	\$2.990	12,2%
			Petrobras (5%)	266	1,1%
			FIP Sondas (95%)	2.724	11,1%
			Class B	520	2,1%
TOTAL	\$24.409	100,0%	Total Equity	\$3.518	14,3%

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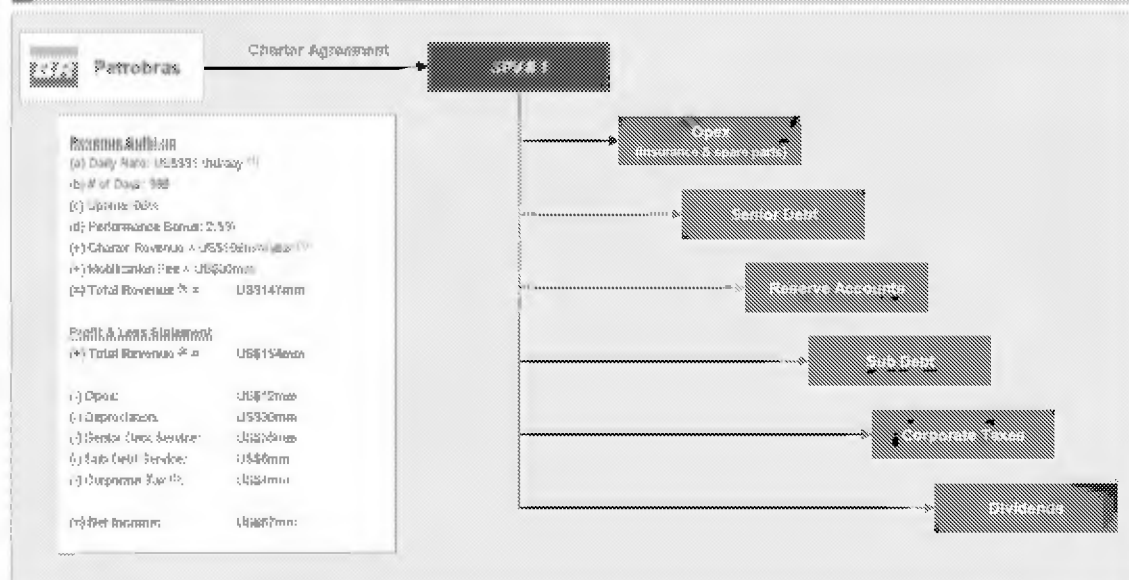
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Summary of Key Assumptions



The SPV's P&L is simple, with one source of revenue (charter agreement) and commitments with opex and debt service. The remaining cash is distributed as dividends

Illustrative P&L of Operating Year 1 (SPV #1)



(1) 2019 Dollars

(2) *Net Income*, includes adjustment related to SPV #1's earnings.

(3) *Corporate Tax* on the mobilization fee revenue. The SPVs are eligible for tax sparing credits from the Charter Agreement.

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Appendix: Tax Summary

sete**brasil**

Sete Brazil has set up the SPVs and the international holding company (Sete International) in tax efficient jurisdictions well-known in the O&G sector

Summary of Key Fiscal Aspects

Austria

- Sete International located in Austria
- Double Tax Treaty Brazil-Austria for the avoidance of double taxation
- 15% withholding tax on dividends
- Dividends (and consolidated profits) are not taxed in Brazil
- 0% withholding tax on interest payments

Netherlands

- SPVs located in Holland
- No withholding tax on dividends between the Euro zone
- US\$ functional currency
- Double Tax Treaty Brazil-Holland for the avoidance of double taxation
- Tax Sparring Credits on Charter Revenues (20% corporate tax credits)

REPETRO Program (1)

- Special Import and Export Program for the oil and gas industry
- Established in 1999
- Avoids several taxes on equipment and services, such as, import taxes, IPI, PIS/COFINS and VAT (ICMS)
- SPVs must be onshore

Source: Odebrecht Offshore Corporate Development
(1) Regime Adicional Especial de Exportação e Importação

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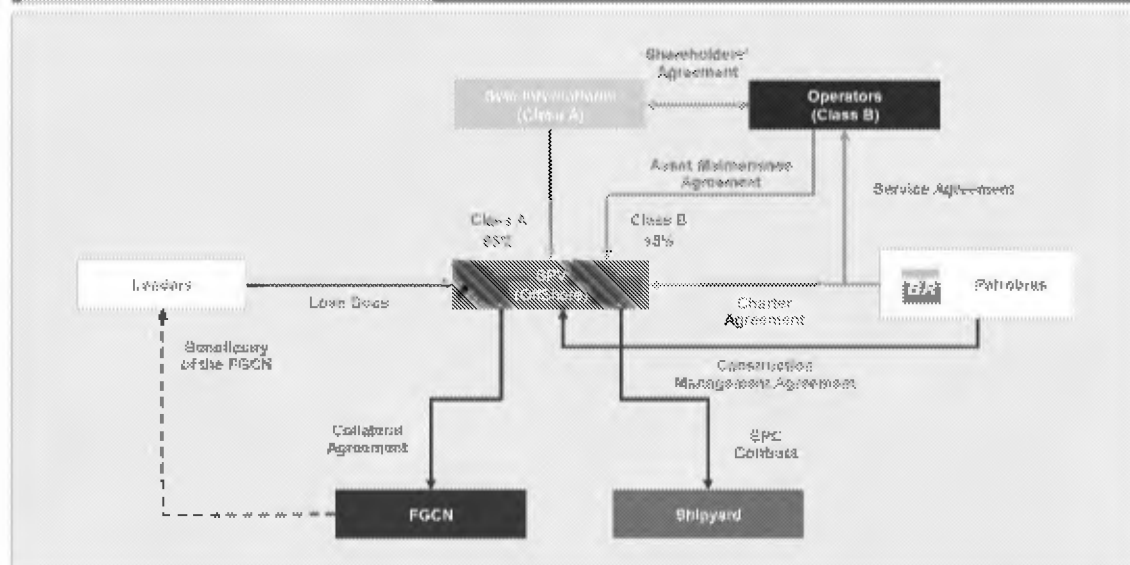
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Appendix: Key Contracts

sete brasil

Key operational contracts

Summary of Contractual Structure



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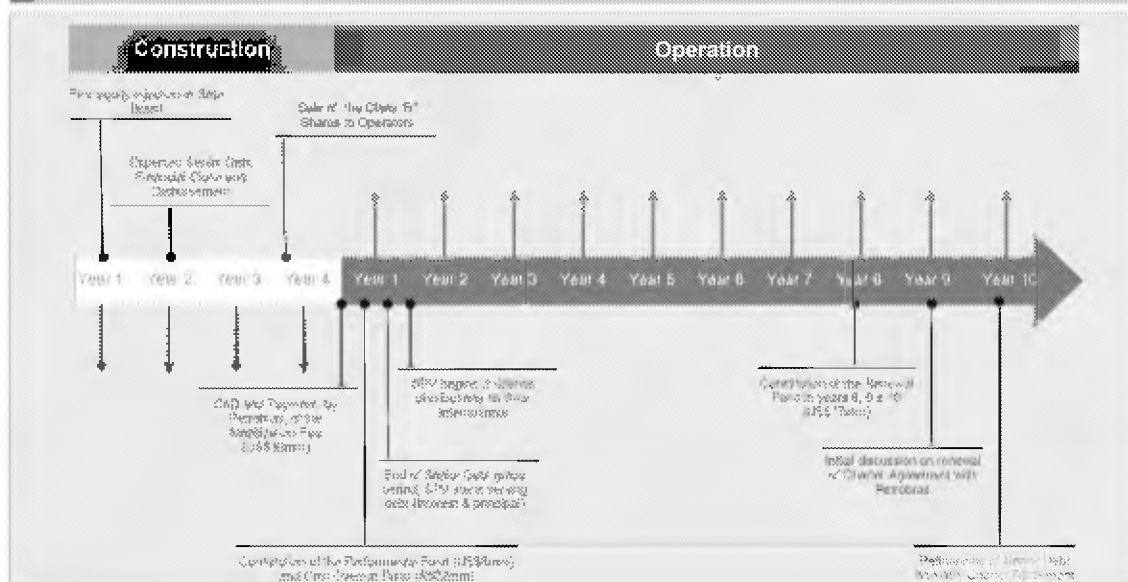
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Appendix: Cash Flow Timeline

setebrasil

The chart below illustrates the key cash flow milestones for a single SPV

Key Cash Flow Milestone



Appendix: Asset Type

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EAS is the largest shipyard in the Americas and has Samsung Heavy Industries as a shareholder

- Type: Drillship – according to Petrobras, it is the appropriate asset type for drilling in distant locations (far from the continent) as it is better suited to mobility and can cover large areas, such as the Pre-salt
- Utilization: besides the drilling activity, rigs are utilized for well control in order to increase productivity and longevity of the wells
- Shipyard: EAS (first set of 7 rigs)
- Drilling Capacity: up to 3,000m of water depth and up to 7,000m of Pre-salt wells
- Key Characteristics:
 - Dynamic positioning system
 - 6th generation, state-of-the-art UDW rigs
- Commentary:
 - risk of technical obsolescence for at least the first 25 years of the rigs' lives is therefore regarded as negligible ⁽¹⁾
 - Average age of the global offshore rig fleet is 22 years old ⁽¹⁾

- Sponsors: Camargo Correa, Queiroz Galvão, Samsung Heavy Industries and PJMR
- Location: Suape, Pernambuco (Brazil)
- Technological Partnership: Samsung Heavy Industries
- Commentary:
 - Largest shipyard in the Americas – steel processing capacity of 160thd ton/year
 - Founded in 2005, sponsors have invested already R\$~2.0bn
 - Besides Sete Brasil backlog, EAS was selected as the key shipyard for most of the Transpetro's ⁽²⁾ tanker vessels
 - Dry-docks
 - Capacity to produce Tankers, Bulk Carriers, Container Ships, Cargo Ships, Chemical Carrier, Drilling Ships, Semi-submersible, FPSO, TLP and SPAR

(1) E. Wille, "OBS-Petrobras: Manual Report (May 2010).
(2) Transpetro's website

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Appendix: Credit Enhancements



Sete International will host three credit enhancement funds funded by the dividends from the SPVs

Summary of Key Credit Enhancements

Contingency Reserve Account

- Objective: fund eventual pre-completion costs not considered in the sources and uses
- Utilization: finance extraordinary pre-completion costs
- Amount: US\$150mm (~US\$22mm per SPV)
- Constitution: the reserve account will be funded in the first operating year of each rig with resources from the mobilization fee
- Location: Sete International

Performance Fund

- Objective: mitigate operating risks, such as downtime lower than expected
- Utilization: debt service and operational expenses
- Amount: US\$50mm (~US\$8mm per SPV)
- Constitution: the reserve account will be funded in the first operating year of each rig with resources from the mobilization fee
- Location: Sete International

Charter Agreement Renewal Fund

- Objective: mitigate risk related to the renewal of charter since tenor of senior debt is longer than the charter⁽¹⁾
- Utilization: fund debt service during the period the rig is not contracted (operating)
- Amount: US\$117mm (~US\$17mm per SPV)
- Constitution: the reserve account will be funded with the SPVs cash flow generation in operating years 8, 9 and 10
- Location: Sete International

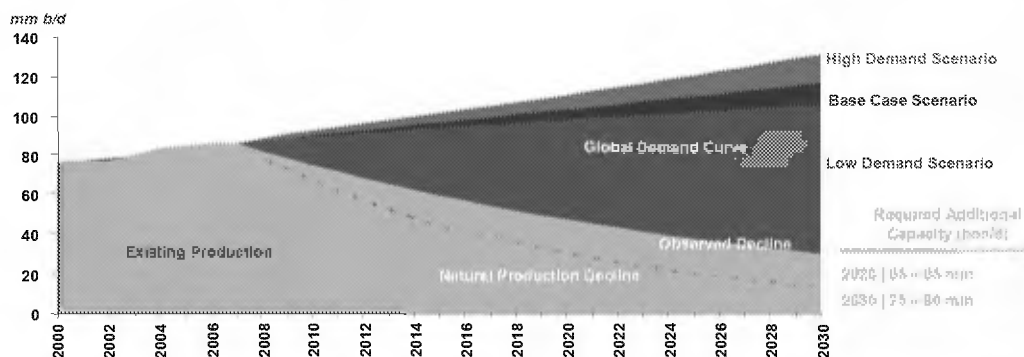
Source: Data provided. Amount indicated for the first set of seven distributions.
(1) in the case of the SPVs with 10-year charter contracts.



Appendix: Project Rationale

sotobrasil

Production from new discoveries is set to play an increasing role in world supply in the next 20 years

Projected Global Demand for Oil ⁽¹⁾

The global production through existing reserves will not fully supply the projected demand, consequently the world will depend on new discoveries. Additionally, oil is expected to remain the dominant fuel in the primary energy matrix for the foreseeable future

(1) Source: IEA World Energy Outlook 2007, IEA International Energy Outlook 2008, Outlook 2010

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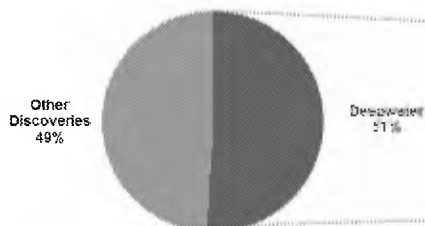
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Appendix: Project Rationale

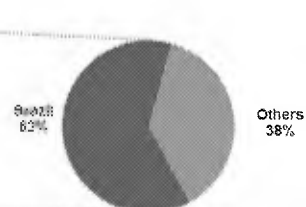
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Deepwater discoveries in Brazil represented ~1/3 of the global discoveries in the last five years

New Discoveries (2005-2010)



Deepwater Discoveries (2005-2010)



In the last five years, more than 50% of the global discoveries (17.3bn bbl) were made in deepwater and 62% of these discoveries are located in Brazil.

Source: EIA, BP, and OPEC

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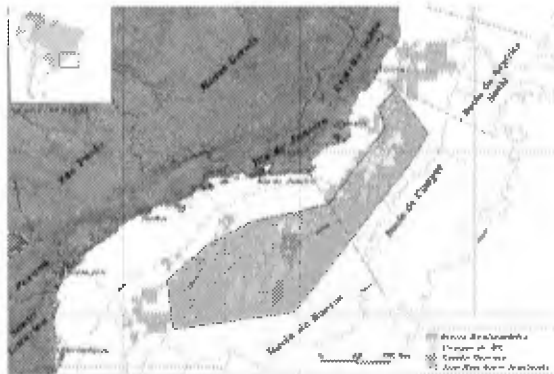
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Appendix: Project Rationale



The discovery of the Pre-salt reserves is landmark in the global O&G industry and will attract large amounts of investments in the years to come

Introduction to the Pre-salt:



- * Total Area: 149,000 km²
 - * Area under concession: 45,615 km² (~39%)
 - * Area to be auctioned: 103,385 km² (~61%)
- * Depths:
 - * 1,000-3,000m (water depth)
 - * Up to 7,000m (basins)
- * Announced 2P Reserves:
 - * Pre-salt (south cluster): 3-14bn boe (*)
 - * Campos Basin (Post-salt): 8-9bn boe
- * Drilled wells (as of 1Q'2011):
 - * Campos Basin: 630
 - * Pre-salt (south cluster): 21

Petrobras' long-term business plan is based on a rapid development of the O&G wells of the Pre-salt reserves. Consequently, Petrobras has to successfully implement an aggressive drilling program. The current global supply of state-of-the-art rigs is not able to attend Petrobras' needs. This scenario creates favorable conditions for the creation of a new company, Sete Brasil, for used, initially, in supplying high spec rigs to Petrobras.

Legend: (*) 14bn boe and Sete Brasil.
(*) 14bn boe and Sete Brasil (1-2bn boe) and Santos Basin (3-4bn boe).

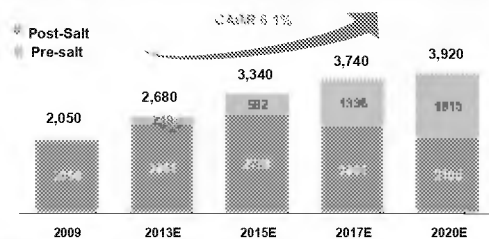


Appendix: Project Rationale



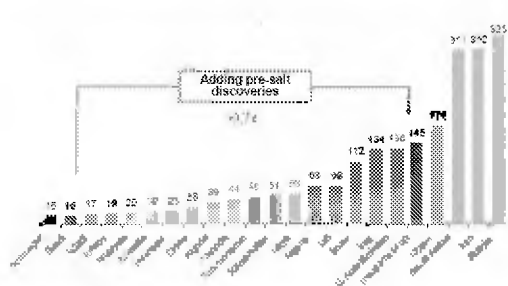
Petrobras forecasts an increase in the participation of the Pre-salt in the domestic production from 2% in 2011 to 40% in 2020

Petrobras' Projected Domestic Production (thd bpd)



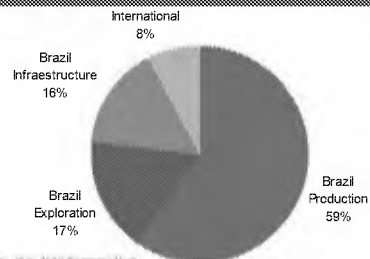
Source: Petrobras' 2012 E&P Review (2012)

Estimated Reserves including Pre-salt (bn boe)



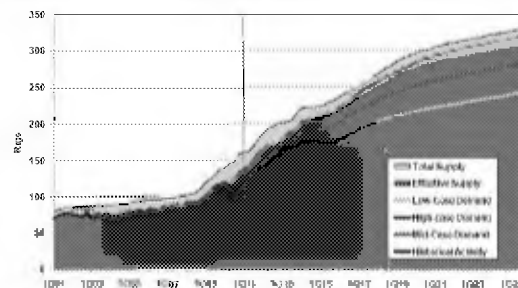
Source: E&P Review (2012) and Petrobras' 2012 E&P Review (2012)

Petrobras' E&P CAPEX is estimated at US\$120bn (1)



Source: Petrobras' 2012 E&P Review (2012)

Projected Global Deepwater Supply and Demand



Source: E&P Review (2012)

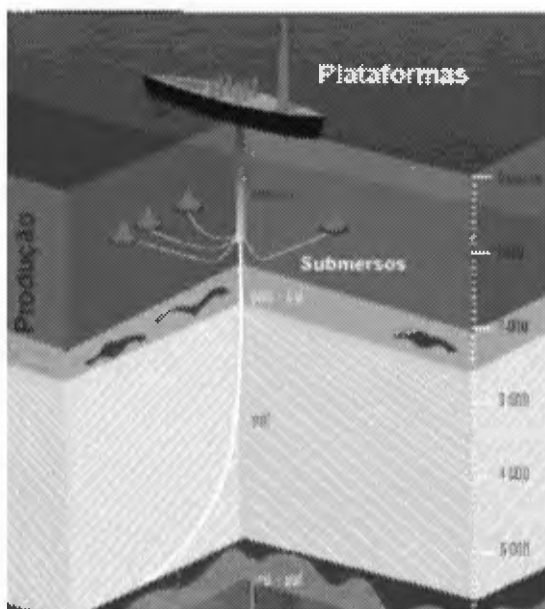
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Appendix: Project Rationale

sete brasil

Petrobras' Pre-salt drilling program includes chartering 40 UDW new rigs for the blocks already auctioned (only ~39% of the Pre-salt area)



Commentary

- * The 40 rigs (both drillships and semi-submersibles) are expected to start operations in 2011-2019 period:
 - * The initial 12 rigs were contracted in 2007 and 2008 and are expected to be delivered in 2011-2012. These rigs are currently being built in offshore shipyards
 - * The second set of rigs were chartered to Sete Brasil, and the drillships will be built at the EAS Shipyard
 - * Petrobras is carrying out an international auction for the remaining 21 rigs

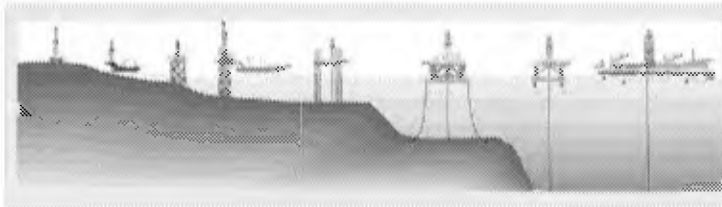
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Appendix: Project Rationale

sete brasil

6th generation drillships and semi-submersibles rigs can reach up to 10,000 feet of water depth

Evolution of Drilling Rigs



Fixed Platforms

- First offshore rigs developed
- Preferred technology for water depth of up to 150m
- Modular steel structures fixed to the sea floor
- Not equipped with thrusters or extra generators

Jackup

- Mobile type of platform that is able to stand still on the sea floor, resting on supporting legs
- Typically used in shallow waters
- The jackup is maneuvered - self-propelled or by towing
- There are over 400+ jackup rigs worldwide

Semi-submersibles

- Offers greater stability -- thus less affected by wave loadings than ships
- Buoyancy from ballasted, watertight pontoons located below the ocean surface
- Semisubs can be towed into position by a tugboat and anchored, or moved by their own propellers with dynamic positioning
- 8th generation technology (available since 2005) can reach 10,000 feet of water depth

Drillships

- Ship-shaped vessels with rigs mounted in the center
- Developed for deepwater exploration
- Drilling tower located in the center of the ship
- Has better navigation capabilities
- Greater storage capacity
- Dynamic positioning system (complex system of thrusters to keep the ship in the desired position)

Source: Oil & Gas

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Appendix: Deepwater Drilling Industry



The Pre-salt is the largest UDW market worldwide and Petrobras is the lead-operator

Sector Highlights

- Favorable oil prices and increasing investments in E&P
- Trend towards more challenging and complex resources continues
- The supply side of the deepwater rig market is fragmented, with nearly 40 companies involved in managing the fleet. The top five contractors, namely Transocean, Diamond, Noble, Enasco and Seadrill, between them account for only a little more than half the fleet
- Latin America, where Brazil represents the bulk of the demand, is expected to present the highest growth rate in demand for deepwater rigs. Petrobras is by far the most important operator by any measure and currently leases half of the ultra-deepwater rigs in the world ⁽¹⁾
- Petrobras' initial demand for 39% of the auctioned area of the Pre-salt is 40 rigs and new ANP ⁽²⁾ auctions are expected to take place in 2H'2011
- ANP minimum local content rule (and penalties) in the O&G industry creates entry barriers to take advantage of the Brazilian demand
- Shortages and surpluses are not expected to be very great and therefore the fluctuations in day rates will be relatively limited
- Oil industry is in general fairly conservative and the offshore drilling industry is no exception. The risk of technical obsolescence for at least the first 25 years of the rigs' lives is regarded as negligible
- Redeployment opportunities for the Sete's rigs are also available: Gulf of Mexico, West Africa, Indian Ocean, Australasia and Southeast Asia

Source: Petrobras, Sete Brasil and ODS Petrodato.

(1) Considering rigs with water depth capacity >10,000 feet

(2) Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (Brazilian Oil & Gas Agency).

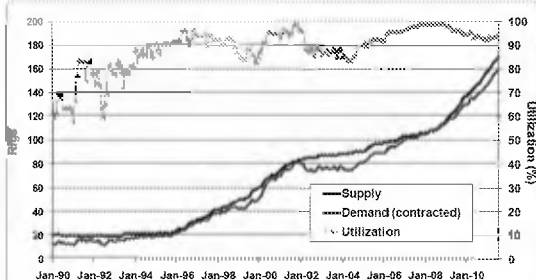


Appendix: Deepwater Drilling Industry

sete brasil

Today there are more than 160 deepwater rigs in operation with at least 70 under construction and on order

Historical Deepwater Fleet Evolution



Commentary

- In the early 90's deepwater rigs represented a small percentage of the offshore industry. The first growth cycle was in the mid 90's and second growth wave started in 2007
- Utilization during the last 15 years was high
- Deepwater drilling activity concentrated in Brazil, Gulf of Mexico and West Africa
- Supply side fragmented, 40 companies involved in fleet mgmt

(1) Excludes Petrobras' auction to charter additional 21 UDW rigs. Deepwater rigs: water depth > 3,000 feet.
(2) Includes operating assets and assets under construction.

Deepwater Fleet By Operator ⁽¹⁾



Ultra-Deepwater Fleet By Operator ⁽²⁾

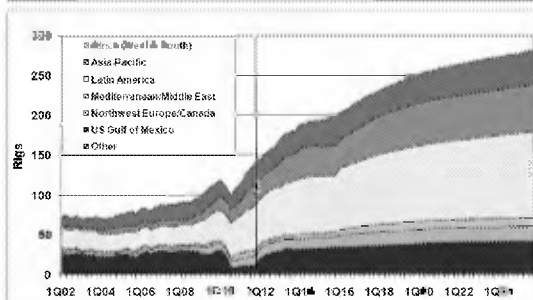
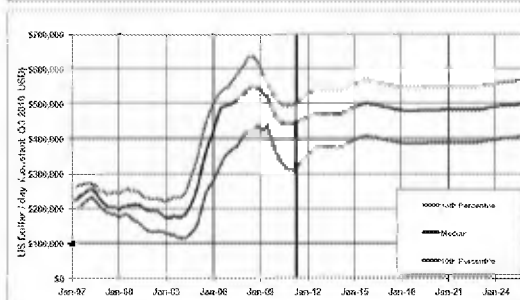


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Appendix: Deepwater Drilling Industry

sete brasil

Brazil and Petrobras are expected to drive the global deepwater rig demand, and low volatility is expected in day rates

Deepwater Fleet By Operator⁽¹⁾Historical and Projected Daily Rates⁽²⁾

Commentary

- Latin America, where Brazil represents the bulk of the demand, is expected to present the highest growth rate in demand for deepwater rigs
- However, redeployment opportunities are available (Gulf of Mexico, West Africa, Indian Ocean, Australasia and Southeast Asia)
- ODS-Petrodata forecasts a steady supply of newbuild rigs, thus relatively flat daily rate projection
- Utilization of global supply of rigs is expected to remain high (90%+)

⁽¹⁾ * Deepwater rigs: water depth > 3,000 feet. ⁽²⁾ Data from ODS-Petrodata, as of July 2011.
⁽¹⁾ Source: ODS-Petrodata, as of July 2011.
⁽²⁾ Source: ODS-Petrodata, as of July 2011.

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Appendix: Risk Matrix

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Risk	Typical Mitigants	Additional Mitigants
Construction & Engineering	<ul style="list-style-type: none"> • Excellent design with proven and successful track record and performance • Experienced shipyards with proven track record in the construction of similar ships • Minimization of interference areas between the project design and the shipbuilder • Centralized supervision of the entire process 	<ul style="list-style-type: none"> • Construction process of the asset will remain under direct supervision of Petrobras • Learning curve and productivity gains embedded by shipyards through the repetition of the same building process • Reliance on Samsung Heavy Industries' technical support – the world largest shipyard
Delay	<ul style="list-style-type: none"> • Excellent design with proven and successful track record and performance • Experienced shipyards with proven track record in the execution of the chosen design • Permanent supervision and monitoring program during construction phase • SPC contract with Delay Liquidated Damages clause 	<ul style="list-style-type: none"> • Use of the FGN fund to pay interest and principal installments during the start of commercial operations of the rig • Learning curve and productivity gains embedded by shipyards through the repetition of the same building process • Construction period of ~4 years (similar assets are built in 2.5 years offshore)
Cost Overrun	<ul style="list-style-type: none"> • Excellent design with proven and successful track record and performance • Turn-key contract with lump sum SPC contract • Permanent supervision and monitoring program during construction phase • Comprehensive insurance package during construction (MAR, ISU, Loss of Hire...) • World class owner's engineering firm 	<ul style="list-style-type: none"> • Economic re-evaluation clause in the SPC contract that establishes cost overruns will be covered by the parties that causes it (i.e. Petrobras, through an increase of daily rate) • Direct supervision of the building process by Petrobras and the owner's engineering firm • Contingency Reserve Account (~USD 100m)

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Appendix: Risk Matrix



Risk	Typical Mitigant	Additional Mitigants
Performance	<ul style="list-style-type: none"> • Selection of world-class and experienced operators • Penalties and bonus clauses in the operator agreement and other contracts/agreement clauses • Insurance package during operational phase 	<ul style="list-style-type: none"> • Constitution of a Performance Fund, with the contribution from all SPVs • Operator, as Class A Investor, also has aligned interests to achieve high performance levels • Replacement clause in case of consistent low performance levels • Petrobras' strong commitment to the project of offshore and offshore exploration provides additional comfort, especially with regards to the acceptance of the drillships
Bankability & Funds Availability	<ul style="list-style-type: none"> • Several financing sources available for drilling rig projects (BIDES, ECAs, Commercial Bank, Capital Markets) • Strict financial-economic appraisal of the project to ensure its capability to attract robust credit service coverage ratios (above 1.00x) • Specific security package to mitigate all risks related to delay or default of any debt service obligation 	<ul style="list-style-type: none"> • Structural credit enhancements, such as Portfolio Securitization, Renewal and Performance Bonds • Asset valuable value and active role played by the rig for this type of drilling rig • O&G industry, and specially Petrobras, are strategic priorities to country involvement and count on full support and commitment from Brazilian Government and BIDES • Sete Brasil and BIDES are in advanced negotiations of the terms and conditions of the long term financing • Sete Brasil already started conversations with ECAs, e.g. US Eximbank (USA) and GNL (Norway)

Appendix



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